

January 6, 2014

To: Members of the United States Senate

From: James C. Ballentine, Executive Vice President, Congressional Relations & Political Affairs
J. Kevin A. McKechnie, Senior Vice President & Director, ABA Office of Insurance Advocacy

Re: Support for S. 1846, the Homeowner Flood Insurance Affordability Act

The American Bankers Association (ABA) and its insurance subsidiary, the American Bankers Insurance Association (ABIA), are pleased to support S. 1846, the Homeowner Flood Insurance Affordability Act of 2013, introduced by Sen. Robert Menendez (D-NJ) and 26 bipartisan cosponsors.

While we continue to support the rational and thoughtful conversion to actuarial rates required by the Biggert-Waters amendments to the National Flood Insurance Program (NFIP), we have grave concerns about affordability issues facing many homeowners covered by the program. A number of recent and mostly unforeseeable events have complicated the implementation of rate increases mandated under the Biggert-Waters Act passed last year, and which we supported.

In the wake of recent storms, including Hurricane Sandy, many homeowners have found their properties to be located in heightened high-risk flood zones due to remapping done by the Federal Emergency Management Agency (FEMA). As a result, these borrowers are facing severe affordability issues if rate increases are to take effect as scheduled.

Additionally, more time is needed for FEMA to conduct an affordability study mandated under Biggert-Waters and to make recommendations to Congress for further action. The delay of rate increases included in this legislation will give FEMA the time and resources necessary to complete that study, and will give Congress time to act upon any recommendations resulting from it. Additionally, the legislation lays out a clear procedural map for Congress to follow in addressing affordability issues.

We also urge Congress to take this opportunity to consider additional needed changes to Biggert-Waters to ensure that private flood insurance policies can be used as an alternative to an NFIP policy. Biggert-Waters authorized use of private policy alternatives, but efforts at regulatory implementation have shown the need for further legislative changes. We will be pleased to work with you to address these issues.

We commend Sen. Menendez, along with Sens. Johnny Isakson (R-GA), Mary Landrieu (D-LA), and Jeff Merkley (D-OH), for their tireless efforts to address these problems in a thoughtful and measured way.